

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: Brandon Township Public Library	County Oakland
Audit Date December 31, 2004	Opinion Date April 13, 2005	Date Accountant Report Submitted To State: June 30, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, PLLC			
Street Address 27400 Northwestern Highway	City Southfield	State MI	ZIP 48034
Accountant Signature 			

Brandon Township Public Library Oakland County, Michigan

**Financial Report
with Supplemental Information
December 31, 2004**

Brandon Township Public Library

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Independent Auditor's Report

To the Brandon Township Public Library Board
Brandon Township
Oakland County, Michigan

We have audited the accompanying basic financial statements of Brandon Township Public Library as of December 31, 2004 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Brandon Township Public Library as of December 31, 2004 and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedule as identified in the table of contents is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

As described in Note 1, the Library has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of January 1, 2004.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Plante & Moran, PLLC

April 13, 2005

Brandon Township Public Library

Governmental Fund Balance Sheet/ Statement of Net Assets December 31, 2004

	Balance Sheet - Modified Accrual	Adjustments (Note 2)	Statement of Net Assets - Full Accrual
Assets			
Cash and cash equivalents (Note 3)	\$ 222,965	\$ -	\$ 222,965
Investments (Note 3)	5,644	-	5,644
Other assets	23,910	-	23,910
Taxes receivable	843,486	-	843,486
Capital assets (Note 4)	-	4,464,424	4,464,424
Total assets	\$ 1,096,005	4,464,424	5,560,429
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 6,622	-	6,622
Deferred revenue	843,486	-	843,486
Accrued liabilities	43,361	-	43,361
Lease payable (Note 9):			
Due within one year	-	165,000	165,000
Due in more than one year	-	3,190,000	3,190,000
Long-term debt and other liabilities (Note 5):			
Due within one year	-	5,904	5,904
Due in more than one year	-	18,006	18,006
Total liabilities	893,469	3,378,910	4,272,379
Fund Balance - Unreserved			
Designated for purchases of technology equipment	20,000	(20,000)	-
Undesignated	182,536	(182,536)	-
Total fund balance	202,536	(202,536)	-
Total liabilities and fund balance	\$ 1,096,005		
Net Assets			
Invested in capital assets net of related debt		1,109,424	1,109,424
Unrestricted		178,626	178,626
Total net assets		\$ -	\$ 1,288,050

Brandon Township Public Library

Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance/ Statement of Activities Year Ended December 31, 2004

	Revenues and Expenditures - Modified Accrual	Adjustments (Note 2)	Statement of Activities - Full Accrual
Revenue			
Property tax	\$ 810,609	\$ 299,750	\$ 1,110,359
Penal fines	21,162	-	21,162
State aid	15,593	-	15,593
Single business tax	405	-	405
Library fines and fees	9,974	-	9,974
Interest on investments	23,830	-	23,830
Other	36,915	-	36,915
Total revenue	918,488	299,750	1,218,238
Expenditures			
Salaries and wages	495,943	-	495,943
Fringe benefits	112,267	(726)	111,541
Supplies	12,182	-	12,182
Professional and contractual services	7,704	-	7,704
Communications	17,857	-	17,857
Insurance	25,973	-	25,973
Utilities	29,851	-	29,851
Building repair and maintenance	45,830	(5,097)	40,733
Library materials	118,645	(118,645)	-
Depreciation	-	283,520	283,520
Dues, programming, and education	18,572	-	18,572
Bank and payroll service fees	4,285	-	4,285
Automated system	31,817	-	31,817
Interest expense	-	149,750	149,750
Other	31,037	-	31,037
Board expenses	403	-	403
Total expenditures	952,366	308,802	1,261,168
Change in Fund Equity/Net Assets	(33,878)	(9,052)	(42,930)
Fund Equity/Net Assets			
Beginning of year	236,414	1,094,566	1,330,980
End of year	<u>\$ 202,536</u>	<u>\$ 1,085,514</u>	<u>\$ 1,288,050</u>

Brandon Township Public Library

Notes to Financial Statements December 31, 2004

Note I - Summary of Significant Accounting Policies

Brandon Township Public Library (the "Library") is located in the Charter Township of Brandon, Oakland County, Michigan. The Library is primarily funded through a tax levy, penal fines, and state aid.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. One of the significant changes in the statement includes the financial statements being prepared using full-accrual accounting for the Library as a whole. This and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

Reporting Entity

The Library is governed by an elected six-member board.

The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on these criteria, there are no component units that are to be included in these financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major fund).

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, property taxes, charges for services, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Brandon Township Public Library

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Government Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Interest earned on investments is recorded on the accrual basis.

The General Fund, the Library's major governmental fund, is the operating fund. It accounts for all financial resources of the Library. General Fund activities are financed by revenue from property taxes, program fees, and other sources.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Library has elected not to follow private sector standards issued after November 30, 1989 for its full accrual presentation.

Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments - Investments are recorded at fair value based on quoted market prices.

Property Taxes - Properties are assessed as of December 31 and the related property taxes are billed and become a lien on December 1 of the following year. They are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. Property taxes billed during the month of December will be used to finance the following year's operations. As such, these taxes are recorded as deferred revenue at December 31.

Brandon Township Public Library

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

The 2004 taxable valuation of the Library totaled approximately \$451 million, on which taxes levied consisted of total mills of 1.8052. This resulted in revenue of approximately \$810,000 for operations, net of administrative fees.

Capital Assets - Capital assets, which include buildings, improvements, furniture, fixtures, and library materials, are reported in the statement of net assets. Capital assets are defined by the Library as assets with an initial individual cost of more than \$100 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	40 years
Furniture and fixtures	5 years
Library materials	10 years

Compensated Absences - It is the Library's policy to permit full-time employees to accumulate earned but unused sick, vacation, and personal day benefits. All compensated absence pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Deferred Revenue - The governmental fund modified accrual basis financial statements and the government-wide full accrual financial statements report deferred revenue in connection with revenue that has not been earned since it relates to advance collection of property taxes, program fees, or grant money for programs, which will be provided subsequent to the end of the current year.

Long-term Obligations - In the statement of net assets, long-term debt and other long-term obligations are reported as liabilities.

Fund Equity - In the fund financial statements, the governmental fund reports reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Brandon Township Public Library

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Change in Accounting - During the current year, the Library adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Changes to the Library's financial statements as a result of GASB No. 34 are as follows:

- The financial statements include a full accrual accounting for all of the Library's activities.
- Capital assets recorded in the government-wide statements were formerly reported in the General Fixed Assets Account Group. Capital assets at January 1, 2004 previously reported in the General Fixed Assets Account Group have been adjusted by approximately \$1,600,000 to reflect the historical cost of the Library's capital assets.
- The General Fund now accrues a liability for compensated absences only to the extent that they come due for payment prior to year end.

Other accounting policies are disclosed in other notes to the financial statements.

Brandon Township Public Library

Notes to Financial Statements December 31, 2004

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

Total fund balance and the net change in fund balance of the Library's General Fund differ from net assets and change in net assets reported in the statement of net assets and the statement of activities. This difference results primarily from the current economic focus of the statement of net assets and the statement of activities versus the current economic focus of the statement of the governmental fund balance sheet and the statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net assets, and the net change in fund balance to the net change in net assets:

Total Fund Equity - Modified Accrual Basis	\$ 202,536
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Amounts reported in the statement of net assets are different because:

Capital assets are not financial resources and are not reported in the fund	4,464,424
Lease payable is not a payable in the current period and is not reported in the funds	(3,355,000)
Long-term liabilities are not due and payable in the current period and are not reported in the fund	<u>(23,910)</u>

Total Net Assets - Full Accrual Basis	<u><u>\$ 1,288,050</u></u>
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Brandon Township Public Library

Notes to Financial Statements December 31, 2004

Note 2 - Reconciliation of Government-wide and Fund Financial Statements (Continued)

Net Change in Fund Equity - Modified Accrual Basis \$ (33,878)

Amounts reported in the statement of activities are different because:

Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	123,742
Depreciation	(283,520)

The statement of activities column recognizes the property taxes collected in the Township to support the building lease, as well as the interest expense related to the lease	150,000
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Changes in accumulated employee sick and vacation pay are recorded when earned in the statement of activities	<u>726</u>
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Change in Net Assets of Governmental Activities - Full Accrual Basis \$ (42,930)

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Library is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; local government investment pools; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Library in accordance with Public Act 196 of 1997 has authorized investment in all of the investments allowable by the State statutory authority as listed above.

Brandon Township Public Library

Notes to Financial Statements December 31, 2004

Note 3 - Deposits and Investments (Continued)

The Library's deposits and investment policies are in accordance with statutory authority. At year end, the deposits and investments were reported in the basic financial statements in the following categories:

GASB Statement No. 3 Classification	Primary Government
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 222,815
Investments in mutual funds	5,644
Cash on hand	<u>150</u>
Total	<u>\$ 228,609</u>

Deposits

The deposits are reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$226,675. Of this amount, \$200,000 was covered by federal depository insurance and the remainder is uninsured.

Investments

The Library is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances and mutual funds, and investment pools that are composed of authorized investment vehicles. Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, mutual funds are not categorized because they are not evidenced by securities that exist in physical or book-entry form. At year end, the Library's investment balances consisted solely of mutual funds.

Brandon Township Public Library

Notes to Financial Statements December 31, 2004

Note 4 - Capital Assets

A summary of capital assets is as follows:

	Balance - January 1, 2004	Additions	Deletions	Balance - December 31, 2004
Capital assets not being depreciated - Land	\$ 171,000	\$ -	\$ -	\$ 171,000
Capital assets being depreciated:				
Buildings and improvements	3,716,654	-	-	3,716,654
Furniture and fixtures	838,466	5,097	-	843,563
Library materials	1,515,774	118,645	32,659	1,601,760
Subtotal	6,070,894	123,742	32,659	6,161,977
Accumulated depreciation:				
Buildings and improvements	371,578	92,916	-	464,494
Furniture and fixtures	525,722	137,174	-	662,896
Library materials	720,392	53,430	32,659	741,163
Subtotal	1,617,692	283,520	32,659	1,868,553
Net capital assets being depreciated	4,453,202	(159,778)	-	4,293,424
Net capital assets	\$ 4,624,202	\$ (159,778)	\$ -	\$ 4,464,424

Note 5 - Long-term Debt and Other Liabilities

Long-term debt of the Library consists of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Personal property taxes contingent liability	\$ 11,500	\$ -	\$ -	\$ 11,500	\$ -
Accumulated employee benefits	13,136	-	726	12,410	5,904
Total	\$ 24,636	\$ -	\$ 726	\$ 23,910	\$ 5,904

Accumulated employee benefits represent the estimated liability to be paid to Library employees under the Library's vacation pay policy. Under the Library's policy, employees earn vacation time based on time of service with the Library.

Personal property taxes represent the estimated liability to be paid to the utility companies that are currently contesting their assessment.

Brandon Township Public Library

Notes to Financial Statements December 31, 2004

Note 6 - Budget Information

The annual budget is prepared by the Library management and adopted by the Library board; subsequent amendments are approved by the Library board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2004 has not been calculated. During the current year, the budget was amended in a legally permissible manner. The budget includes various budget overruns resulting from unbudgeted expenditures associated with various capital outlay expenditures and accruals incurred during 2004.

The budget statement (statement of revenue, expenditures, and changes in fund balance - budget and actual - governmental fund type - General Fund) is presented on the same basis of accounting used in preparing the adopted budget and has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget has been adopted for the Library activity in total; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund budget as prepared by the Library is included in the other required supplemental information of the basic financial statements. The amounts shown on this statement are in greater detail than the budget as adopted and are used to provide additional analysis for management purposes.

Note 7 - Defined Contribution Retirement Plan

The Library provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The Library contributes 12 percent of employees' gross earnings and there are no employee contributions. The Library's contributions for each employee (plus interest allocated to the employee's account) are fully vested immediately. In accordance with these requirements, the Library contributed approximately \$26,300 during the current year.

Note 8 - Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library has purchased commercial insurance to cover these risks. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Brandon Township Public Library

**Notes to Financial Statements
December 31, 2004**

Note 9 - Lease Payable

The Library building was funded through a bond issued by the Township. The bond is supported by a millage that is being paid by the residents of the Township. The lease payable recorded in the statement of net assets represents the outstanding liability related to the building that is currently being repaid by the Township through the special tax levy.

Required Supplemental Information

Brandon Township Public Library

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property tax	\$ 812,363	\$ 812,363	\$ 810,609	\$ (1,754)
Penal fines	27,363	27,363	21,162	(6,201)
State aid	15,699	15,699	15,593	(106)
Single business tax	-	-	405	405
Library fines and fees	10,600	10,700	9,974	(726)
Interest on investments	6,347	7,364	23,830	16,466
Other	57,111	47,132	36,915	(10,217)
Total revenue	929,483	920,621	918,488	(2,133)
Expenditures				
Salaries and wages	481,868	482,627	495,943	(13,316)
Fringe benefits	105,181	104,559	112,267	(7,708)
Supplies	13,320	12,320	12,182	138
Professional and contractual services	19,000	15,600	7,704	7,896
Communications	23,455	19,955	17,857	2,098
Insurance	23,071	22,166	25,973	(3,807)
Utilities	42,300	42,300	29,851	12,449
Building repair and maintenance	51,876	50,190	45,830	4,360
Library materials	103,867	106,867	118,645	(11,778)
Dues, programming, and education	14,900	14,700	18,572	(3,872)
Bank and payroll service fees	300	300	4,285	(3,985)
Automated system	38,385	38,385	31,817	6,568
Other	11,460	11,260	31,037	(19,777)
Board expenses	500	500	403	97
Total expenditures	929,483	921,729	952,366	(30,637)
Change in Fund Equity/Net Assets	-	(1,108)	(33,878)	<u><u>\$ (32,770)</u></u>
Fund Equity/Net Assets				
Beginning of year	236,414	236,414	236,414	
End of year	<u><u>\$ 236,414</u></u>	<u><u>\$ 235,306</u></u>	<u><u>\$ 202,536</u></u>	

April 13, 2005

Library Board Members
Brandon Township Public Library
304 South Street
Ortonville, MI 48462

Dear Board Members:

We recently completed the audit of the financial statements of the Brandon Township Public Library for the year ended December 31, 2004. In addition to the audit report, we offer the following comments for your consideration:

INTERNAL CONTROL CONDITIONS

Payroll

We noted during testing that one of the employees selected in our sample was missing their direct deposit authorization form from their personnel file. We recommend that copies of this election form be kept in all applicable employee personnel file folders in order to promote complete record keeping. Per our testing, the applicable form was added to the employee file.

We noted an instance of vacation hours being allocated forward (placed into an employee "bank" prior to earning the time). We recommend that vacation time either not be allowed to be taken until earned, or if management wishes the policy to reflect this flexibility, that the policy be changed and approved by the Board. In addition, we noted that a manual system is being used to track the time for each employee. We recommend automating the system, or at least using Excel (or equivalent), in order to assist in the process and help reduce possibilities of miscalculation. Since the testing date, automated processes have been added to the vacation tracking system.

BUDGET ACT

To assist you in your future budgeting efforts, following is a reminder of the requirements the Library must comply with as part of the Uniform Budgeting Act:

- The budget must be balanced.
- The budget must be amended when necessary.
- Expenditures cannot exceed budget appropriations.
- Public hearings must be held before budget amendments.
- Expenditures must be authorized by a budget before being incurred.

GASB 34 - NEW REPORTING MODEL

Governmental Accounting Standards Board (GASB) Statement 34 is now here! You will notice a different look to the audited financial statements this year. Although there are many differences with this new reporting model, the major additions are as follows:

GASB 34 - NEW REPORTING MODEL (CONTINUED)

- **Government-wide Financial Statements:** The statements now adjust the traditional fund-based statements into a full-accrual format. This allows a financial statement reader to see the Library's financial position from a current and longer term perspective including its capital assets and long-term debt.
- **Budget Comparison:** A financial statement reader will now be able to not only view the actual revenue and expenditures of the Library as compared to the current budget, but also as compared to the original adopted budget.

The GASB believes that this new model will provide a more complete picture of the financial position of the Library. We would be happy to schedule a time to provide a more detailed overview about this new reporting model so that you can obtain the greatest user benefit from it.

We would like to thank you and your staff again this year for their cooperation and assistance they provided during the audit. If you have any questions, or would like to discuss these items further, please feel free to contact us at your convenience.

Yours truly,

PLANTE & MORAN, PLLC



Joseph C. Heffernan



Martin J. Olejnik